

What is the demand for natural ingredients for cosmetics on the European market?

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Europe is the second-largest market for cosmetics in the world. Increasing demand for natural ingredients makes Europe an interesting market for companies seeking to enter it, as well as for new and innovative natural ingredients. Western European countries, with large consumer markets and important trading hubs, offer the most opportunities for exporters of natural ingredients.

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1. Sector description

Thousands of ingredients for cosmetics are considered natural in Europe, according to the registries of the European Commission's database for information on cosmetic substances and ingredients ([CosIng](#)).

These natural ingredients for cosmetics can be categorised into three main general groups:

- Vegetable fats and oils
- Essential oils
- Other plant extracts and derivatives (botanicals)

Table 1: Description of natural ingredients for cosmetics by category

Product	Harmonised System codes (most common in cosmetics)	Description
Vegetable oils	1509, 1512, 1513, 1515	Vegetable oils are mostly derived from nuts, seeds and fruits that have been extracted using an expeller-type oil press.

Essential oils	3301	Essentials oils are extracted from plants by steam distillation.
Botanical extracts	1102, 1106, 1302	Botanical extracts are derived from processing plants, herbs or spices using a solvent. Generally, the original plant components are unchanged, though botanical extracts have higher concentrations of actives.

Source: ProFound, 2023

There is no easily accessible quantitative data on the import and use of natural ingredients for cosmetics. Some popular ingredients for cosmetics, such as oils and fats, are also important ingredients in the food industry. Therefore, in many cases the use of some natural ingredients in cosmetics is hidden in the overall data on imports. Despite these limitations around trade data for cosmetic ingredients, it is still possible to draw certain conclusions about European market demand and gain useful insights for decision-making.

This analysis will focus on 'Other fixed vegetable fats and oils and their fractions' (HS code 151590) and 'Other essential oils, excluding those of citrus fruit and mint' (HS code 330129). When the terms 'vegetable oil' and 'essential oil' are used in this report, they refer to oils included in these HS codes, particularly those that are more likely to be used in cosmetics.

Botanical extracts will not be analysed in detail as trade data are too fragmented to draw any solid conclusions on demand from the cosmetics industry. Trend-wise, botanical extracts are of major interest to cosmetic brands and manufacturers. Hundreds of plants have cosmetic properties and more botanical extracts are introduced to the market every year. The challenge with botanical extracts is that most non-food plants are toxic and thus must be supported by adequate safety and efficacy data.

2. What makes Europe an interesting market for natural ingredients for cosmetics?

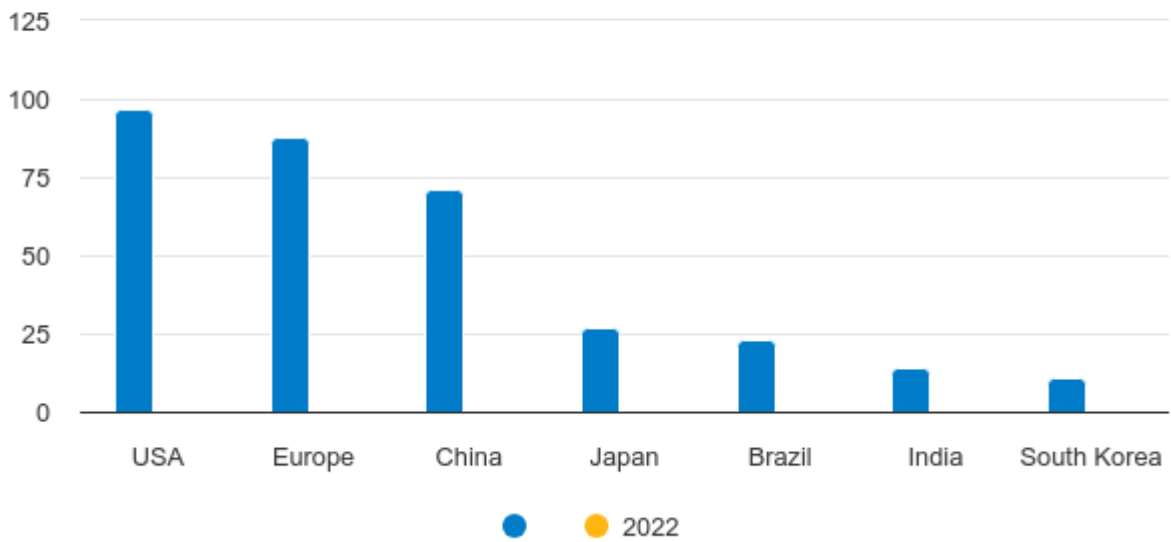
Europe is a very interesting market for natural ingredients for cosmetics, as it is a major producer, consumer and exporter of cosmetic products worldwide. Natural ingredients are very much on-trend, and European cosmetic manufacturers are using a wide range of natural ingredients when preparing their cosmetic products. Growth in the European market has resumed after recovery from the Covid-19 pandemic. Safety and efficacy remain keywords for all cosmetic ingredients, and sustainable sourcing is increasingly important.

Europe is the world's second largest market for cosmetics

Europe is one of the largest cosmetics markets in the world, [ranking second-largest in 2022](#) and dominating between a quarter and a third of the global cosmetics market, [with over €250 billion](#) in retail value. Assuming a direct relationship between the overall value of retail sales and the quantity of bulk cosmetic products sold, Europe constitutes the second largest market for quantity of cosmetic products. As cosmetic products are formulated from cosmetic ingredients, Europe can also be considered the second largest market for quantity of cosmetic ingredients.

Figure 1: European cosmetics market value vs. other major markets in 2022

in € billion



Ecovia Intelligence

Source: [CTPA](#) from Cosmetics Europe's Market Performance Report, 2022

In the last five years, the European market grew 13% in value, from [€77.6 billion in 2017](#) to [€88 billion in 2022](#). In 2017-2022, the European cosmetics market growth was steady, except for 2020, when most countries experienced a decline in sales due to the COVID-19 pandemic.

Figure 2: Retail sales for European cosmetics market

in € billion



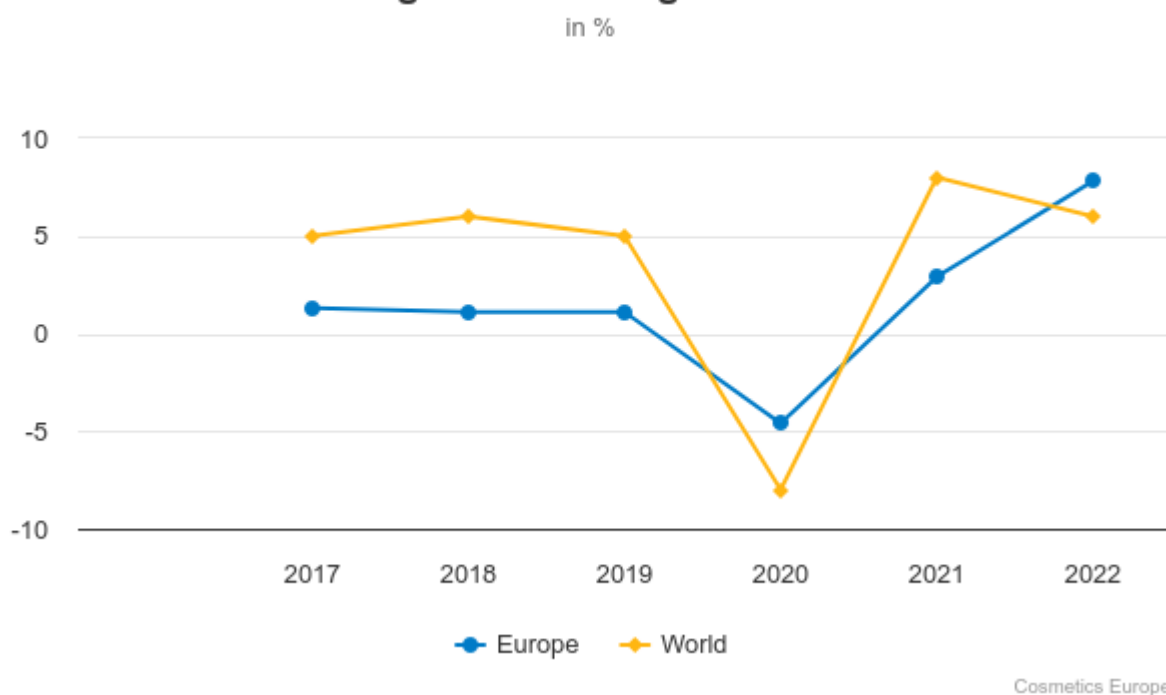
Cosmetics Europe

Source: Cosmetics Europe Market Performance Reports, 2023

The cosmetics industry has recovered well after the pandemic. Between 2021 and 2022, [retail sales in Europe grew at an average rate of 7.8%](#), outpacing the [6% global cosmetics market growth](#). Figure 3 shows that Europe is a resilient market compared to the global picture, and points to rapid market growth in the near future. Growth is supported by the fact that supply chains, shipping costs and delivery times are back to pre-pandemic levels, as assured by the [International Monetary Fund's Economic Outlook for Europe](#).

Today there is a slowdown in the global economy, and the outlook for Europe's economy is one of slow growth and sticky inflation. Indeed, [economic growth in the euro area is expected to be only 0.9% in 2023](#), with inflation averaging 5.6%. Although the economic situation poses challenges for both consumers and businesses in Europe, the European cosmetics market has proven to be resilient to economic downturns. According to our calculations based on historical data, the European market is expected to continue growing at an average rate of at least 1.5% per year until 2030.

Figure 3: European cosmetics market annual growth vs. global market growth



Source: Cosmetics Europe Market Performance Report & [L'Oréal 2022 Annual Report](#)

Europe is the major importer of selected natural ingredients for cosmetics

Europe is the world's largest importer of vegetable oils and essential oils, some of which are widely used as natural ingredients in cosmetic products. The demand for and use of natural ingredients continues to grow, and the data presented here provides good reasons for exporters to target Europe as the most important market for natural cosmetic ingredients.

In 2022, Europe accounted for 43% of the value of global imports of vegetable and essential oils, far exceeding the value of Asian and American imports. As such, the European market offers great opportunities for suppliers of natural ingredients for cosmetics.

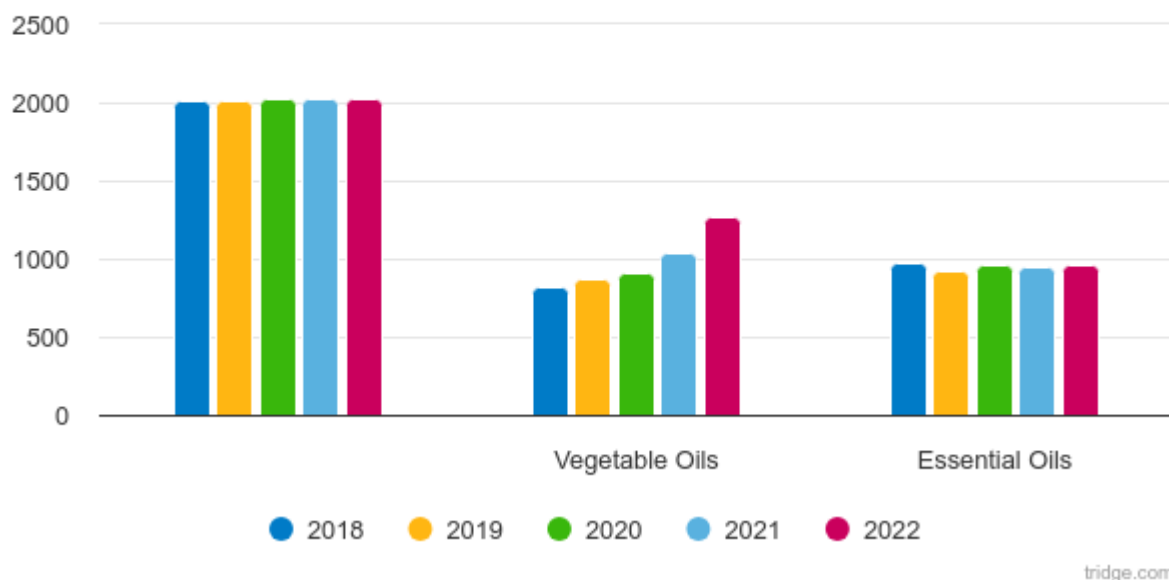
Source: ITC Trade Map, 2023

Overall, the value of European imports of natural ingredients for cosmetics increased over the past five years, mainly driven by demand for vegetable oils. Between 2018 and 2022, the value of European imports of

vegetable oils grew at an average rate of 12% per year, from €818 million to €1,271 million. The value of essential oils imports showed no growth over the period, remaining stable at around €900 million per year.

Figure 5: Import value of selected natural ingredients for cosmetics to Europe

in € million



Source: ITC Trade Map, 2023

Developing countries play an important role in the supply of natural ingredients for cosmetics to Europe. In 2022, 54% of the value of European imports of essential oils was sourced from developing market economies, totalling €519 million. Between 2018 and 2022, the value of these imports grew at an average rate of 1.1% each year. The top-3 import hubs for essential oils from outside Europe are France, Germany and Spain. Indonesia is one of the main suppliers of essential oils for these import hubs, exporting different oils like patchouli, nutmeg and clove. Note that these import data are not exclusively for cosmetics, as several essential oils like nutmeg and clove are important ingredients for both the cosmetic and the food industries.

For vegetable oils, imports from developing countries accounted for 25% of the total value of European imports, amounting to €320 million in 2022. Between 2018 and 2022, the value of vegetable oil imports from developing countries grew by 10% per year on average. The top-3 countries importing vegetable oils from outside Europe are the Netherlands, France and Italy. China, Ghana and Mexico are important vegetable oil export countries to the top-6 hubs. Imports from Ghana and Burkina Faso may include shea butter, imports from Morocco may include argan oil, and those from Mexico may include avocado oil. As in the case of essential oils, it should be noted that these import data do not refer exclusively to cosmetics, given that some vegetable oils like avocado are used in both the cosmetics and the food industries.

Increasing European demand for organic and sustainable ingredients for cosmetics

There is rising consumer awareness of the perceived benefits of natural/organic cosmetics, as well as an increasing availability of these products in major retail channels. [Making sure a product does not have a negative environmental impact is a clear priority](#) for many consumers when purchasing beauty products. The demand for natural and organic cosmetics is pushing up overall demand for the use of more natural and sustainably sourced ingredients in cosmetics. This creates opportunities for exporters of natural cosmetic ingredients, whether their ingredient is used in a certified natural/organic cosmetic or not.

The European cosmetics market is driven by a [growing interest in wellness and health](#), in which natural cosmetic products and their ingredients play an important role. The wellness beauty trend received a boost from the COVID-19 pandemic and is expected to continue growing. Consumers' perception of beauty as looking healthy or feeling good is driving sales for natural, organic and clean label products, as well as the demand for natural ingredients for cosmetics.

Europe is currently among the largest markets for natural and organic cosmetics, accounting for 38% of the global natural and organic cosmetics market value. In 2020, the [European market for natural and organic cosmetics was valued at €3.89 billion](#), up from €3.64 billion in 2018. This is a growing market, with positive forecasts for the coming years. Still, it only represents 5% of the total cosmetics market, suggesting that 95% of natural ingredients are used in non-certified cosmetic products.

For example, the Soil Association indicates that the UK organic health and beauty market has grown for 12 consecutive years, [at an average rate of 47% each year, from €37 million in 2012 to €171 million in 2022](#). Although this growth in organic-certified cosmetics sales is impressive, the organic-certified cosmetics market only accounts for 1.7% of all UK cosmetic sales. It is therefore assumed that the volume of ingredients used in organic-certified cosmetics in the UK constitutes one-sixtieth of the total volume of ingredients used in all UK cosmetics.

Demand for sustainably sourced ingredients is furthermore growing among both consumers and buyers in Europe. Consumers are increasingly concerned about sustainability and ethical production, and want to know the origins of products. Buyers are becoming more active in sustainable resource management. As such, sustainable sourcing has become one of the main expectations of all supply chains in the European cosmetics industry and beyond.

The demand for sustainable sourcing will be strengthened and further extended among companies by developments on the regulatory front, namely the [European Green Deal](#), the [Chemicals Strategy for Sustainability](#) and the [Corporate Sustainability Due Diligence Directive](#). These regulations expect companies to assume and play a key role in building a sustainable economy and society. The [proposed regulatory changes will impact the cosmetics industry](#) in multiple ways, with possible knock-on effects on consumers. While none of these proposed regulations are targeted at exporters to Europe, the requirements on European companies may affect you as part of their global supply chains.

Today many companies in the cosmetics industry are aligning their activities with the United Nations Sustainable Development Goals (SDGs) and seeking certification for natural, organic, fair trade, ethical sourcing and biodiversity conservation. This situation has put some pressure on suppliers of natural ingredients to join certification schemes in this market, such as [COSMOS](#), [NATRUE](#), [Fairtrade](#) and [UEBT](#). Given the size of the natural and organic market, applying for organic certification is not interesting for every exporter. Exporters should carefully consider their options and be sure to do a cost-benefit analysis of natural and organic certification for their own company.

Suppliers who can't easily deal with certification, conversion and administrative costs may opt for alternatives such as:

- [ISO16128](#) self-assessment system for natural ingredients, which works as an intermediate step and which companies can conduct without having to pay for third-party certification;
- Relatively low-cost [NATRUE Approved Raw Material procedure](#), allowing registration of non-certified ingredients in the [NATRUE database](#), which is freely accessible to potential buyers on its website;
- [SEDEX](#) affiliation, which provides important recognition of ethical credentials at the company level and can be upgraded to SEDEX certification based on a SEDEX Member Ethical Trade Audit (SMETA).

Tips:

Check our [study on trends in the European market of natural ingredients for cosmetics](#) to find

information on opportunities that may increase your chances of market access.

Make sure to align your business with the objectives of the European Green Deal and Corporate Sustainability Directive. Read our [study on EU Green Deal impact](#) for more detailed info.

Read our [study on buyer requirements](#) for more on certifications for natural ingredients for cosmetics.

3. Which European markets offer most opportunities for natural ingredients for cosmetics?

Western European countries like Germany, France, Italy, the UK, Spain and the Netherlands offer great opportunities for natural ingredients for cosmetics and are therefore the most attractive national markets for suppliers of these ingredients. These countries have the largest consumer markets. Large manufacturers using natural ingredients are also located there. Most of these countries are also among the top European importers of vegetable and essential oils, and are therefore assumed to have the most importers and potential buyers.

Table 2: Characteristics of European countries with the most opportunities for natural ingredients for cosmetics

Country	Consumer demand (retail sales)	Manufacturing (number of cosmetics manufacturing SMEs)	Trade (total imports of vegetable and essential oils)	Trade (imports from developing countries)
Germany	Largest European market for cosmetics	6 th largest number	2 nd largest importer	2 nd largest importer of essential oils
France	2 nd largest market	2 nd largest number	Largest European importer of natural ingredients	Leading European importer of essential oils and 2 nd largest importer of vegetable oils
Italy	3 rd largest market	4 th largest number	7 th largest importer	3 rd largest importer of vegetable oils
UK	4 th largest market	Largest number of cosmetics manufacturing SMEs.	5 th largest importer	4 th largest importer of essential oils

Spain	5 th largest market	5 th largest number	4 th largest importer	3 rd largest importer of essential oils
Netherlands	7 th largest market	7 th largest number	3 rd largest importer	Leading European importer of vegetable oils. Import hub for other countries in the region.

Source: ProFound, 2023

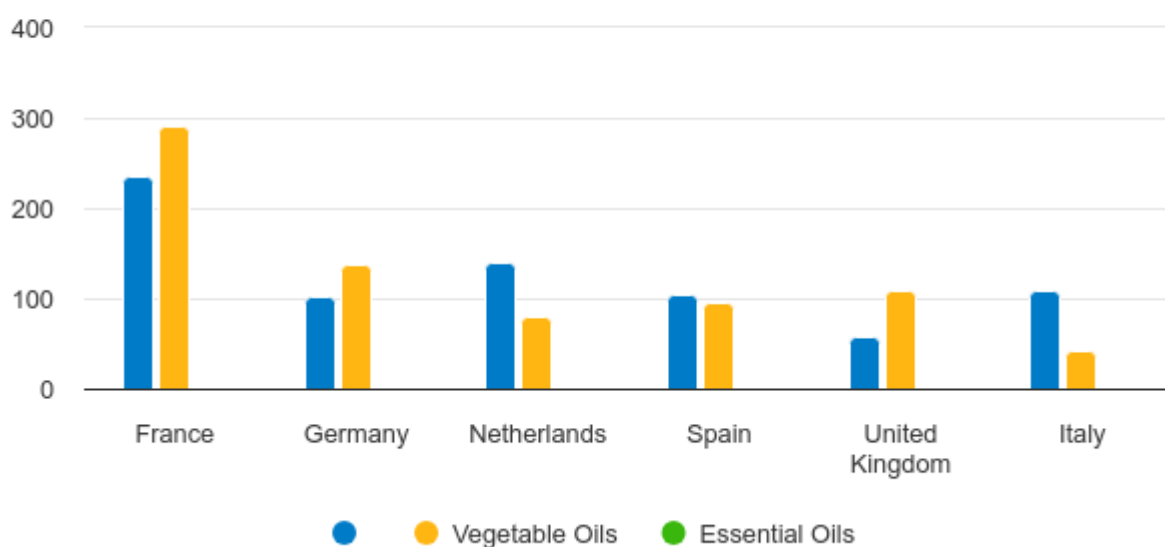
France offers the most opportunities for suppliers of natural ingredients for cosmetics

The French market offers the most opportunities for suppliers of ingredients used in cosmetics. France is a large market for cosmetics, with the highest import value of vegetable oils and essential oils in Europe. This suggests there is a high demand for natural ingredients in that country.

In 2022, France imported a total value of €291 million in essential oils (HS 330129), accounting for 30% of European imports. The high demand for natural ingredients is evidenced by the 75% of French essential oil imports coming from developing countries, making it very interesting for suppliers from non-European countries. Indonesia, India, China and Morocco are the main non-European countries exporting essential oils to France. In the same year, French imports of vegetable oils (HS 151590) reached a value of €235 million, representing 18% of the total value of European imports. About 26% of French vegetable oils imports were sourced from developing countries. The main non-European suppliers of vegetable oils to France are Morocco, Burkina Faso, Argentina, USA and Mexico.

Figure 6: Imported value of vegetable oils and essential oils per country

in € millions



Global Shea Alliance

Source: ITC Trade Map, 2023

France is also the second-largest cosmetics market in Europe, valued at €12.9 billion in 2022. In 2021-22, the French cosmetics market grew by 5.8%, slightly below the average growth of the European market. France has the second largest number of cosmetics-manufacturing SMEs in Europe (1,389 SMEs), which tend to operate in niche markets and be more interested in natural ingredients. France is among the world's leading exporters of beauty products, exporting about 60% of its cosmetics production. In 2021, France had a 17% share in global exports of beauty products. The country is Europe's main exporter of cosmetics, along with Germany. In 2022, the two countries dominated over 50% of total European exports, with a shared value of €13.6 billion.

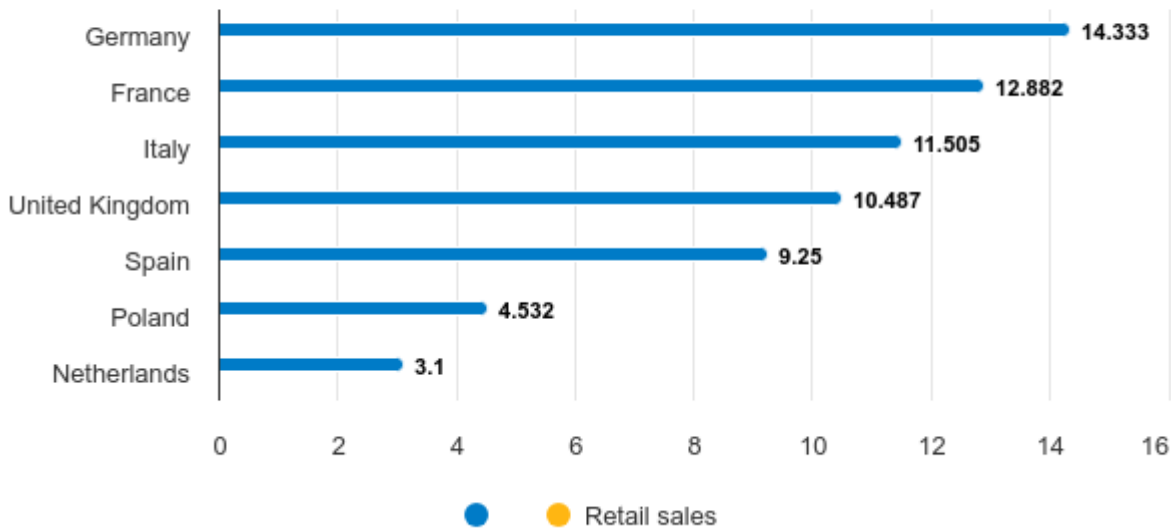
Some outstanding importers/players in the French market are leading cosmetics manufacturer and retailer L'Occitane Group, which has a Sustainable Communities programme and works directly with local producers to foster long-term partnerships; essential oils supplier Albert Vieille - Givaudan, which has established exclusive supply chains to stay close to the source of ingredients and partner with local farmers; Exaflor, a trading company specialised in certified essential oils and vegetable oils/butters that has long-standing relationships with producers around the world; and Matieres Premieres Essentielles (MPE), focused on the trade and production of raw materials and essential oils sourced from various supplier countries.

Germany is the largest market for cosmetics in Europe

Germany is Europe's largest market for cosmetics, valued at €14.3 billion in 2022. Between 2021 and 2022, the German market grew by 5.4%, and is forecasted to grow by 2.5% in 2023. Retail sales and consumer demand for cosmetic products in Germany are directly related to the country's population. Germany has the largest population in the European Union and the second-largest in the whole of Europe, which explains the size of its market.

Figure 7: Largest markets for cosmetics and personal care products within Europe

in € billion



Ecovia Intelligence, GSA, LMC

Source: [CTPA](#) from Cosmetics Europe's Market Performance Report, 2022

Germany is also Europe's second-largest exporter of cosmetics and stands out globally [with a 6.2% share in total exports of beauty products](#). The German cosmetics industry is largely made up of small and medium-sized companies, with [586 cosmetic manufacturing SMEs](#) in 2022.

Germany is assumed to have many importers of vegetable oils and essential oils, as it has the second-highest import value of natural ingredients for cosmetics.

Vegetable oils

In 2022, Germany imported €101 million of vegetable oils, accounting for 8.0% of the total European import value for vegetable oils. Between 2018 and 2022, imports of these products fell in value by 1.7% each year on average, which may be associated with the negative impact of the COVID-19 pandemic. Germany imports 59% of vegetable oils from other European countries, so it is not considered a leading trade hub for those specific ingredients. Still, 36% of direct imports of vegetable oils come from developing countries. The main non-European exporters of vegetable oils to Germany are China, Morocco, Burkina Faso, Argentina and Mexico.

Essential oils

In 2022, German imports of essential oils amounted to €138 million, accounting for 14% of total European import value. Of the essential oils imported, 51% were sourced from developing countries – mainly China, Indonesia, India and Australia. This creates high-value opportunities for essential oils suppliers outside Europe.

Organic oils

In 2022, Germany was [Europe's leading market of natural and organic cosmetics](#). As such, it is known to be highly interested in organic-certified ingredients. Suppliers with certified organic oils should include German importers and distributors in their buyer research.

Outstanding importers and players in the German market include:

- [All Organic Treasures \(AOT\)](#), a supplier of oils, fats and proteins [working in partnership with several suppliers from different countries](#), based on long-term commitments and fair prices.
- [Primavera](#), which works with essential oils, plant extracts, floral waters and base oils (vegetable oils), [sourcing mainly from its farm partnerships](#) all over the world; it is committed to fair trade and supports many social projects.

The Netherlands is an important hub and entry point for natural ingredients

The Netherlands offers the third-largest opportunity for suppliers of natural cosmetic ingredients from developing countries. The Dutch cosmetics market is smaller than other major markets, ranking seventh both in retail sales (€3.1 billion) and number of SME cosmetic manufacturers (311). However, it is still very interesting for several reasons.

According to the [Dutch Cosmetics Association's Annual Report 2022](#), Dutch per capita spending on personal care and beauty products is estimated at approximately €176 per year, which is [relatively high in the region](#). Also, it is a growing market, with a [growth rate of 6.0% in 2022](#), matching the average growth rate of the global market. Furthermore, there is a 6.1% share of 'natural care' products in personal care remains, and the Dutch consumer increasingly expects manufacturers and suppliers to ensure that the product and/or packaging is sustainable/natural.

Most of all, the Netherlands is well-recognised as a key trading hub for various natural ingredients, especially for vegetable oils, which it supplies across the whole of Europe.

Vegetable oils

The Netherlands is among the world's top-5 importers of vegetable oils, and the third-largest importer in Europe, both in value and volume. The Netherlands has a share of 11% in the total value of European imports. In 2022, Dutch imports of vegetable oils were valued at €141 million, representing an average annual growth of 8.5% since 2018. More than 50% of Dutch imports of vegetable oils come from countries outside Europe and 47% are sourced from developing countries. The main supplier of vegetable oils to the Netherlands is Ghana. Although no specific data is available, this supply is likely to consist mainly of shea butter exports. Other main non-European exporters of vegetable oils are China, Burkina Faso and India.

There are several small vegetable oil refineries in the Netherlands that offer third-party refining services. This means suppliers from developing countries could potentially work with such companies to offer their customers refined grades of vegetable oil. While offering higher-value grades can pose some logistical challenges, they are used more than unrefined grades in cosmetics.

Essential oils

The Netherlands plays a less relevant role in the import of essential oils. In 2022, the country imported a total value of €80 million of essential oils, 26% of which came directly from developing countries. The main non-European exporters of essential oils are China, Indonesia, India and Australia. Dutch imports of essential oils show a positive trend, registering an average annual growth of 1.7% between 2018 and 2022.

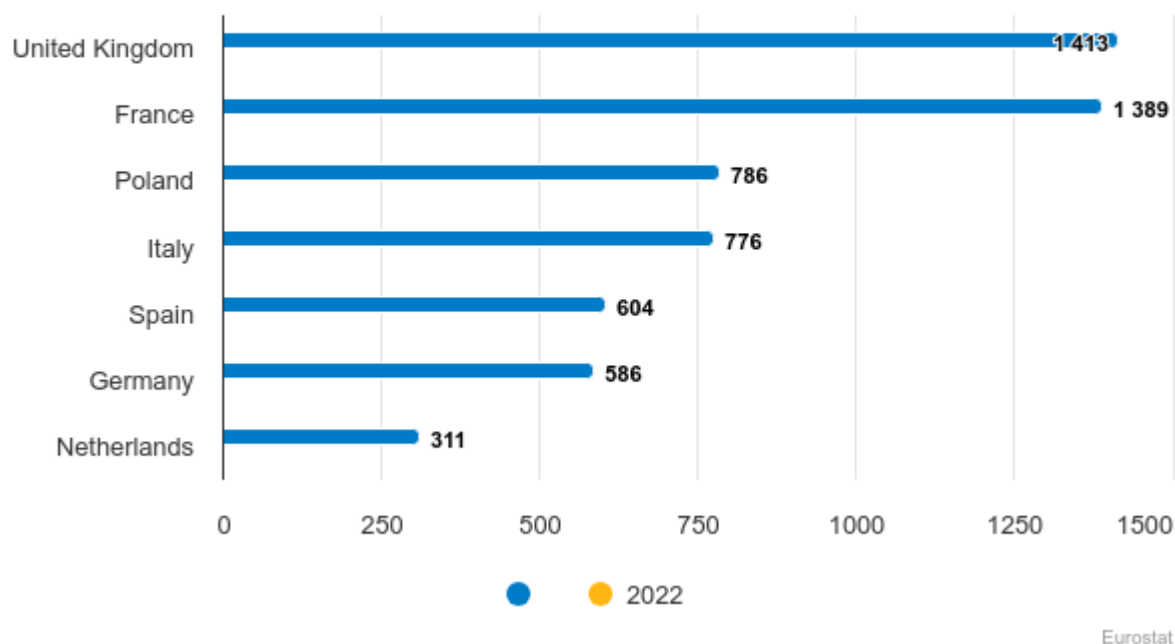
Some relevant importers and players in the Dutch market are [AAK](#), the world-leading supplier of plant-based ingredients; [Ultra International B.V.](#), specialised in essential oils; and [De Lange](#), which works with fatty oils, plant extracts, essential oils and others.

United Kingdom: major cosmetic market with a thriving manufacturing base

The UK is the fourth largest market for cosmetic products in Europe and ranks fourth in market opportunities for natural ingredients. [The British cosmetics market was valued at €10.5 billion in 2022](#), corresponding to a [5.4% growth compared to 2021](#). According to the Soil Association, the UK organic beauty and wellbeing market also grew at a rate of 6.8% in 2021-2022, exceeding €173.7 million in retail sales.

There are also many SMEs in the UK interested in niche and exotic ingredients, which are key drivers of innovation and economic growth in the cosmetics industry. In 2022, the country [had the largest number of manufacturing SMEs \(1,413\) in Europe](#), registering over 100% compared to 2021. Plus, the UK has a thriving manufacturing base for cosmetics: the fact that it has the highest number of SME manufacturers of cosmetics could also boost its opportunities for natural ingredients.

Figure 8: Number of SMEs in Europe, per country



Source: [CTPA](#) from Cosmetics Europe's Market Performance Report, 2022

The UK is an important market, especially for essential oils. In 2022, the UK imported €108 million in essential oils, accounting for 11% of total European imports. Most essential oil imports (57%) were sourced from developing countries, mainly China, India, Indonesia and Egypt. Total UK imports of essential oils declined over 2018-2022, at an average rate of -4.1% per year. However, in these five years the UK remained among the top-3 importers in Europe. As for vegetable oils, in 2022 the UK imported 19,000 tonnes of vegetable oils worth over €57 million, with 26% of imports coming from developing countries like China, India, Morocco and Mexico. British imports of vegetable oils show a positive trend, registering an annual growth rate of 8.2% between 2018 and 2022.

The UK's exit from the European Union (EU) didn't have a negative impact in terms of sales, revenues or trade of cosmetics. Due to Brexit, the [UK now has its own cosmetics regulation](#) and for the time being it is very similar to the EU's in terms of requirements. For chemicals, UK REACH legislation effectively doubles the costs for companies (including non-European companies) that opt for REACH registration. Apart from UK REACH for essential oils, the other outcomes of Brexit should not affect opportunities for developing country suppliers, as the UK remains a major market.

Relevant importers and players in the British market of natural ingredients for cosmetics include the famous manufacturer and retailer [The Body Shop](#), which has a [pioneering fair trade programme with thousands of producers worldwide](#), and the leading ingredient supplier [Global Essence](#).

Spain: among the major importers of essential and vegetable oils in Europe

Spain offers the fifth largest opportunity for suppliers of natural ingredients for cosmetics. [Spain is the fifth-](#)

largest market for cosmetics, with a value of €9.3 billion in 2022. Between 2021 and 2022, Spain's cosmetics market grew by 10.6% and its beauty exports grew by 23%. Spain has also many manufacturing SMEs (604 companies).

Vegetable oils

Spain is among the top-5 European importers of vegetable oils in terms of value, with an 8.2% share in total imports. The value of vegetable oil imports from this country has grown strongly in the last five years. In 2022, Spanish imports of vegetable oils were valued at €104 million, corresponding to an average annual growth rate of 45% since 2018. The volume of imports also shows a positive trend. In 2022, Spain imported 31 thousand tonnes, corresponding to an average growth of 37% each year for 2018-2022. A 30% share of its imports is already supplied from outside Europe, and it is the main market for supplies from South America. Spain's main supplier of vegetable oils is Mexico, so this is likely to be avocado oil. Other important suppliers are Kenya, China, Chile and India.

Essential oils

Spain is also the fifth-largest European importer of essential oils, with a total import value of €95 million in 2022. Spanish imports grew by 2.9% on average each year between 2018 and 2022, which bodes well for the future demand of these ingredients. A huge share (67%) of essential oil imports come from developing countries like Indonesia, China, India, Haiti and Tunisia.

This makes Spain an important supply market for Europe. It is among the top-6 hub countries in Europe for imports of vegetable oils and essential oils. While there are many suppliers in this big market, it is also dynamic and there are opportunities to enter with a competitive offer.

Outstanding importers in the Spanish market of natural ingredients for cosmetics include Provital, which supplies natural oils rich in active properties from different sources around the world, and Sensient, which works exclusively with essential oils sourced from various origins.

Italy: an interesting market for natural ingredients for cosmetics

Italy represents the sixth-largest opportunity for suppliers of natural ingredients for cosmetics. It ranks as the third-largest European market for cosmetics, valued at €11.5 billion. Italy is also a growing market. Between 2021 and 2022, the Italian cosmetics industry recorded a 8.1% growth, a positive trend expected to continue into 2023, reaching a 7.7% growth.

Italy has the fourth largest number of SMEs in Europe (776 companies), which suggests high production capacity and significant demand for cosmetic ingredients. Over 67% of the make-up consumed in Europe is produced by Italian companies, and 55% on a global scale. It should be noted that the development of the cosmetics business in Italy is increasingly oriented towards sustainability, giving greater attention to environmental and social aspects related to economic activity.

Vegetable oils

In 2022, Italy had the fourth-highest import value of vegetable oils, with an 8.5% share in total European imports of vegetable oils. The value of vegetable oil imports from Italy has grown significantly over the last five years, at an average 19% annual rate, reaching €108 million in 2022. The volume of imports also shows a positive trend. In 2022, Italy imported 28 thousand tonnes of vegetable oils and recorded an average annual growth rate of 8.9% since 2018. About 37% of imports came from developing countries, with Mexico, India, Thailand, Kenya and Morocco as main supplier countries.

Essential oils

Italy imported over €42 million in essential oils in 2022. Only 11% of these imports came from developing

countries, mainly United Arab Emirates, China, India, Indonesia and Egypt. Italian imports of essential oils show a clear positive trend, registering an annual growth rate of 10% between 2018 and 2022.

Tips:

Find out which market offers the best opportunities for your company and products. You can get market information from sector associations, online distributors and retailer product portfolios, and by visiting trade fairs.

Visit and participate in European trade fairs where you can meet natural ingredient companies from all over Europe that may be interested in buying your products. The most relevant trade fairs are [in-cosmetics](#) (travelling trade fair), [Beyond Beauty](#) (Paris, France) and [SANA](#) (Bologna, Italy). For organic producers, [Vivaness](#) is an interesting trade fair (Nuremberg, Germany).

Refer to the [CBI study on finding buyers](#), which provides practical guidance on finding buyers in the European market.

4. Which products from developing countries have most potential on the European natural ingredients for cosmetic market?

European demand for natural ingredients for cosmetics has been increasing for years, reinforced by the COVID-19 pandemic. Brands in the cosmetics sector are innovating more, both in the final products and in the ingredients used. Consumer demand for natural products creates significant opportunities for different natural ingredients.

The natural ingredients with the greatest potential in the European cosmetic market are active ingredients, vegetable oils like shea butter and moringa, essential oils, and botanical extracts. These ingredients stand out because there is a significant and growing demand for them from both consumers and manufacturers. Some natural ingredients with good potential on the European market are shea butter and moringa oil.

While in most cases it isn't possible to quantify the actual demand for ingredients due to limited data, there are alternative sources from which some conclusions can be drawn about the market potential. One useful source is that published by in-cosmetics global, the most important trade fair for cosmetic ingredients in Europe. In the post-show review of the 2023 edition, in-cosmetics published data about the types of cosmetic ingredients that visitors were most interested in (see Table 3).

Table 3: Product category interest among visitors to in-cosmetics 2023

No.	Product Category Interest	%
1	Active ingredients	55
2	Antioxidants	33
3	Emulsifiers, co-emulsifiers	30
4	Contract manufacturing	29

5	Emollients, lipids, petrolatum	28
6	Oils, butters	28
7	Plant extracts	27
8	UV filters, SPF boosters	27
9	Essential oils	27
10	Vitamins, minerals	26

Source: in-cosmetics global [Post Show Report, 2023](#)

Oils and butters

Vegetable oils and butters are key components of cosmetic products. They are used for their moisturising properties and to create emulsions that enable other active and/or functional ingredients to be incorporated into cosmetic products.

Oils and butters have the most potential since there is always interest in vegetable oils in the European market, especially in new oils and those with strong social and environmental credentials. Overall, European demand for vegetable oils has grown recently. Olive oils are the most in-demand, followed by crude sunflower and safflower oils, which are growing exponentially. It is important to note that it isn't known exactly what portion of these oils is used in the cosmetics industry.

Table 4 presents some of the vegetable oils most used in cosmetics, listed by HS code. Many vegetable oils used in cosmetics have specific geographic origins. For example, shea butter is supplied mainly from Ghana and Burkina Faso, while avocado oil often comes from Mexico and argan oil from Morocco.

Table 4: Examples of vegetable oils used in cosmetics, listed by HS code

Vegetable oils used in cosmetics	HS code	Typical origin
Olive oils	1509	Europe
Crude sunflower oil (technical use)	15121110	Eastern Europe
Crude safflower oil (technical use)	15121110	Eastern Europe
Coconut oil	151311	Asia
Babassu oil	151321	South America
Sesame seed oil	151550	Asia, Africa, Latin America

Apricot kernel oil	151590	-
Argan oil	151590	Africa
Avocado oil	151590	Africa, South America
Baobab oil	151590	Africa
Cape chestnut oil	151590	Africa
Grape seed oil	151590	-
Hemp oil	151590	-
Joboba oil	151590	South America
Kalahari melon seed oil	151590	Africa
Mafura butter	151590	Africa
Mango kernel butter	151590	-
Marula oil	151590	Africa
Mongongo oil	151590	Africa
Prickly pear oil	151590	-
Raspberry oil	151590	-
Rosehip oil	151590	-
Papaya seed oil	151590	-
Sacha inchi oil	151590	South America
Shea butter	151590	Africa
Strawberry oil	151590	-
Ximenia oil	151590	Africa
Cocoa butter	1804	Africa

Source: Fair Venture Consulting, 2023

Though some vegetable oils have their own specific HS code, such as olive oil and cocoa butter, most vegetable oils are grouped together under HS code 151590. When looking at data on imports and import values, it isn't possible to identify specific import quantities of individual oils grouped under this code, nor is it possible to know how these oils are used by the cosmetics industry.

Besides these vegetable oils there are many others available worldwide that can be used in cosmetics. Safety is generally not a concern as all vegetable oils have the same chemical composition. The most important considerations are reliability and price. All oils have good potential for cosmetic products, but the new vegetable oils are the most interesting for this industry. Therefore, it is a good idea to include a range of both established and new vegetable oils in your portfolio.

One European company specialising in the import and distribution of vegetable oils is [Sigma Oils Seeds](#) in the Netherlands. They are well-known throughout Europe and offer organic or conventional oils as well as their derivatives. Sigma Oil Seeds sources mainly from the African continent and seeks to improve organic supply chains in rural areas.

Shea butter

Figure 9: Shea nuts and butter



Source: [Shutterstock](#), 2023

One of the most important vegetable oils used in cosmetics is shea butter. It is a very effective moisturiser and is very competitive in price thanks to its use as a cocoa butter equivalent and its use in foods. Shea butter is also a popular natural ingredient in cosmetics. Its commercialisation brings major social benefits to people involved in the early stages of the value chain, especially women who work collecting nuts and processing the butter.

Shea butter is extracted from shea nuts harvested from shea trees, which grow across 21 countries in Africa, known as the 'shea belt'. Two of the leading shea butter suppliers are Ghana and Burkina Faso. The food industry uses approximately 90% of all the shea nuts processed into shea butter, with the [remaining 10% used in the cosmetics industry](#).

Most imports recorded under HS code 151590 from Ghana and Burkina Faso are assumed to be of shea butter. In 2022, both countries exported about €80 million to Europe. As 10% of these imports are used in the cosmetics industry, this makes shea butter one of the most important vegetable oils used in cosmetics. Other main suppliers of shea butter to Europe are Togo, Mali, Benin, Nigeria, Uganda, plus other countries in the shea belt.

Today, many distribution and manufacturing companies import and work with shea butter. For example, [Dr. Hauschka](#), one of the leading cosmetics manufacturers in the German market, [sources organic and certified fair trade shea butter from southwestern Burkina Faso](#). Similarly, The Body Shop in the UK has been working with an association of women shea butter producers in Ghana for over 25 years. Other smaller companies are [Bazousou](#) and [Akoma](#) in the UK.

Looking to the future, shea butter offers good potential for increased use in cosmetic products. To boost demand, you should focus primarily on cosmetic brands and highlight the social benefits of using more shea butter in products, combined with its excellent moisturising properties. Shea butter's relatively low price means that it can be incorporated in relatively high concentrations, which can also boost demand. At higher concentrations consumers will additionally experience more of its moisturising benefits.

Moringa seed oil

Moringa oil is becoming increasingly popular in the European cosmetics market. The oil's emollient and skin conditioning properties are highly valued, and it is also associated with anti-aging and detoxifying claims.

Moringa oil contains several antioxidants, omega fatty acids, collagen, and vitamins A and E. The healthy properties of moringa as a health food boost interest in moringa oil for use in cosmetics. This is especially true for cosmetics associated with wellbeing, such as skincare and massage products, where the connection with the healthy properties of moringa is most easily transferred to cosmetics.

Moringa oil is extracted from the seeds of the Moringa oleifera tree, which is cultivated extensively throughout the tropics/sub-tropics and grows best in arid conditions. It is adaptable to territories with hot weather and low precipitation rates. Moringa trees are considered a sustainable and more environmentally-friendly crop.

India is the main supplier of moringa, [accounting for around 80% of the world's supply](#). In addition to India, other countries such as South Africa, Ghana, Mozambique, Kenya, Zambia, Philippines, Pakistan, Brazil and Peru have important commercial moringa production industries.

Moringa oil is already present in the European cosmetics industry, offered by some companies in cosmetic products for skincare, hair care and body care. For example, the leading UK cosmetic manufacturer The Body Shop formulates some of its products with moringa seed oil, which it [buys directly from a local company in Rwanda](#). European market demand for moringa oil is growing, driven partly by a key consumer [wellness trend](#). Consumer values and preferences are shifting towards a more holistic approach in which beauty encompasses not only physical appearance but also health and wellness. Moringa oil fits well into this overall context. With the right promotion, this creates good opportunities for moringa oil and its suppliers.

Essential oils

Essential oils are an important component of cosmetics. Besides being added directly to cosmetics, they are used in the perfume industry and are the foundation of the aromatherapy segment. Essential oils are natural ingredients and, like vegetable oils, can be produced under high social and environmental responsibility standards. European demand for essential oils is rising, driven by increased demand for aromatherapy products. Among visitors to the in-cosmetics trade fair they were a popular ingredient, with 27% visitors interested.

Europe is the leading global market for essential oils. Developing country suppliers play an important role in the supply of essential oils to Europe. In the past five years, over 50% of essential oils imported into Europe originated from developing countries, which shows potential for non-European exporters. France, Germany,

Spain and the UK are the main European importers of essential oils from developing countries.

As with vegetable oils, there is no specific data available on the use of essential oils in cosmetics. Many of the HS codes for essential oils cover a whole group of essential oils. In the case of HS 330129, we can make an educated guess about trends and demand as it includes many essential oils that are used more in cosmetics than in food. However, it is important to note that HS 330129 does not cover all essential oils used in cosmetics.

Table 5 below shows essential oils commonly used in cosmetics and which therefore offer opportunities in this market. Of this list of 34 essential oils, which represent around 10% of all commonly known essential oils, only four are not classified under HS code 330129.

Table 5: Some essential oils used in cosmetics, listed by HS code

Essential oil	HS code
Black Pepper	330129
Cardamom	330129
Chamomile Roman	330129
Chamomile Blue	330129
Cinnamon Leaf	330129
Cinnamon Bark	330129
Citronella	330129
Clove Bud/Leaf	330129
Coriander	330129
Cypress	330129
Dill	330129
Eucalyptus	330129
Frankincense	330129
Ginger	330129
Helichrysum	330129
Lavender	330129

Lemon	330119
Lemon Myrtle	330129
Lemongrass	330129
Myrrh	330129
Myrtle	330129
Neroli	330129
Nutmeg	330129
Oregano	330129
Palmarosa	330129
Patchouli	330129
Peppermint	330124
Rosemary	330129
Rose Geranium	330129
Sandalwood	330129
Spearmint	330125
Tea Tree	330129
Vetiver	330129
Ylang Ylang	330129

Source: Fair Venture Consulting, 2023

Many essential oils are specific to a particular region. This means you must work out which essential oils can be produced in your location before you can develop a strong value proposition for the European market. Some plants used in essential oil production, such as rose and clary sage, are grown in Europe. Germany is the largest European producer of essential oils, followed by France. Other producers include Italy, Spain and Bulgaria. Suppliers in developing countries should focus on niche essential oils that cannot be grown in Europe.

Furthermore, while demand for essential oils remains high, interest in new essential oils is low. The 300+ essential oils that are commonly traded cover existing market needs for both pure essential oils and for derivatives used in fragrances and flavourings. New essential oils are always subject to strict safety testing

before they can be used.

The [European Federation of Essential Oils \(EFEO\)](#) represents producers and traders of essential oils and related products in Europe. Its member list includes more than 200 companies working specifically with essential oils and other natural ingredients for cosmetics. Some of these companies, like [Ultra International B.V.](#) in the Netherlands and [Matières Premières Essentielles](#) in France, buy their ingredients and raw materials directly from developing countries.

Plant extracts

Apart from the plant extracts used as active ingredients, there is also a wide range of other plant extracts with potential uses in cosmetics. Though mainly used as functional ingredients, such as thickeners, they may also have cosmetic benefits like natural exfoliation. They also fit with the upcycling trend to find uses for by-products from the processing of the primary product. There is no published statistical data on the use of plant extracts in cosmetics.

Several HS codes can be used to study trade data. The most relevant codes are:

- HS code 11 (products of the milling industry)
- HS code 12 (oilseeds and oleaginous fruits)
- HS code 13 (lac, gums, resins, and other vegetable saps and extracts)

However, unlike HS codes 151590 and 330129, which are more closely tied to the cosmetics industry, data on plant extracts covers use not only by the cosmetics industry but also by the food and pharmaceutical industries. It isn't possible to isolate data about cosmetics industry use and so to draw meaningful conclusions about this demand. Many of the product subcategories in all three HS code groups include natural ingredients that can be used in cosmetics, especially cereal and legume flours (HS codes 1102 and 1106) for face and body masks, and vegetable (plant) extracts (HS code 1302).

Active ingredients, particularly antioxidants

Active ingredients are very interesting for the European cosmetics industry. They are used mainly in skincare products to deliver various benefits to users. Examples of active ingredients are antioxidants and probiotics.

According to industry sources, one of the most important cosmetic properties that companies are looking for in active ingredients is anti-ageing, a trend likely to continue. A group of substances that reduces visible signs of ageing is antioxidants. Antioxidants are the second most popular choice in Table 3. Some antioxidants are:

- vitamin C
- vitamin A
- vitamin E
- co-enzyme Q10
- niacinamide
- asiatic acid

Plants are the most common source of antioxidants. However, most plants are toxic, making it important to pay careful attention to the maximum safe concentrations of extracts for ingredient efficacy in cosmetic products. Generally, these extracts are used at low concentrations in cosmetic products for reasons of safety, efficacy and cost.

Other active ingredient claims include anti-inflammatory, chemical exfoliating and general skin and hair conditioning properties. Medical and therapeutic claims are not permitted for cosmetic products.

Currently, many manufacturing companies extract active ingredients in Europe from raw materials. However, active ingredients can also be exported from developing countries, just as [South African company Zuplex](#) does. Although it can be a challenge for exporters, SMEs can benefit greatly from the export of these ingredients, as

they provide added value and ownership of the claims. Some European companies specialising in the import of active ingredients and antioxidants are [DSM Firmenich](#), [Givaudan - Active Beauty](#) and [Lipoid Kosmetik](#).

Tips:

Investigate the wild and cultivated oilseeds in your area and the sustainable volumes that are available. Find out the percentage of oil contained in oilseeds and work out how much you can supply per year. Always calculate the viability of your operation before approaching the market, especially if you are offering a new ingredient. It is better to under-promise and over-deliver than the other way around.

Research the cosmetic properties of plants in your area. Before bringing any extracts to the market, make sure you are compliant with laws on the use of biodiversity and traditional knowledge.

Introducing new ingredients for the cosmetics industry can take 24-36 months. Introducing established ingredients can take 12-24 months. Ensure your company stays viable both during and after this timeframe, and that you can meet safety, efficacy, quality and reliability expectations.

See the CBI studies on [exporting essential oils to Europe](#), [exporting shea butter to Europe](#) and [exporting moringa oil to Europe](#) for more information on these specific natural ingredients.

5. Which products from CBI focus countries have most potential on the European natural ingredients for cosmetic market?

The [countries on the CBI list](#) have, in general, great potential to enter the European market for natural cosmetic ingredients. Most of the 24 countries prioritised by the CBI are producers of some of the most popular vegetable oils and essential oils in demand by the European cosmetics industry.

The following tables show the natural cosmetic ingredients with the greatest potential in the European market and the countries identified by the CBI where these ingredients are already produced. The choice of ingredients was made based on input from experts in the cosmetics industry. This analysis considered two main factors: 1) the popularity of the ingredient in the cosmetics industry and 2) the distribution of production in the CBI countries, looking for widespread availability in these origins. It is worth noting that the first ingredients in the table are those with the greatest potential.

Table 6: Top vegetable oils from CBI countries with the highest potential on the European market

Vegetable oil	Producing countries
Shea butter	Ghana, Burkina Faso, Benin, Mali, Niger, Nigeria, Ivory Coast, Chad, Ethiopia, Uganda, Sudan, Senegal
Sesame seed oil	Sudan, Burkina Faso
Olive oils	Morocco, Egypt, Tunisia, Algeria, Jordan, Lebanon, Palestinian territories
Apricot kernel oil	Tunisia, Algeria, Egypt

Avocado oil	Kenya, Ethiopia, Morocco
Mango kernel butter	Indonesia, Kenya, Nigeria, Ghana
Baobab oil	Benin, Sudan, Kenya, Zambia, Ghana, Senegal
Argan oil	Morocco, Algeria
Jjoba oil	Egypt, Tunisia
Prickly pear oil	Tunisia, Morocco, Algeria, Ethiopia
Ximenia butter	Senegal, Ghana

Source: ProFound & Fair Venture Consulting, 2023

In the case of essential oils, there are some specific countries on the CBI list, like Indonesia and Sri Lanka, that are major producers of essential oils and already have a reputation as suppliers. It was therefore decided to prioritise the popular ingredients produced by these countries as they have a relevant advantage.

Table 7: Top essential oils from CBI countries with the highest potential on the European market

Essential oil	Producing country
Black pepper	Indonesia, Burkina Faso, Sri Lanka, Ethiopia
Cardamom	Sri Lanka, Indonesia
Cinnamon leaf	Sri Lanka, Indonesia
Nutmeg	Sri Lanka, Indonesia
Citronella	Sri Lanka
Lemongrass	Sri Lanka, Bangladesh
Coriander	Sri Lanka
Eucalyptus	Sri Lanka
Ginger	Ethiopia
Clove bud/leaf	Kenya, Uganda
Palmarosa	Sri Lanka

Patchouli	Indonesia
Sandalwood	Indonesia
Tea tree	Kenya
Vetiver	Indonesia

Source: ProFound & Fair Venture Consulting, 2023

[ProFound - Advisers In Development](#) and [Fair Venture Consulting](#) carried out this study on behalf of CBI.

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